



Inside The Excessive Bank Charges Killing Nigerians

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ABSTRACT

Nigerians have long expressed frustration over the numerous and often hidden charges associated with their banking and electronic transactions. What might seem like minor deductions, when accumulated, create a significant burden for bank customers. These charges ranging from ATM withdrawals to fund transfers and card maintenance fees, increase transactions costs across various banking services. As these costs rise, many Nigerians feel the impact more amid a high inflationary trend that has weakened their purchasing power. On 1st May 2025, Banks' customers started to pay N6 SMS transaction alert, this is coming on the heels of the increase in telecommunications rates by telecommunication providers following a nod by the federal Government. As of today, existing banks' charges range from transfer fees, SMS alert fees, value added tax, foreign exchange commission, ATM transfer fees and commission on turnover, verve card and visa maintenance fees, POS transfer fees, interbank transfer fees, card issuance fees, cheque issuance fees, stamp duty, among others. No doubt about it that the multiple charges imposed on banking transactions are limiting the trust Nigerians have with the financial institutions. The paper recommend solutions to minimise multiple charges by commercial banks in the country, Banks should avoid sending debit, VAT messages separately. Customers have option of deactivating SMS alerts

Keywords; charges, banking, Banks' customers, transaction alerts, SMS, ATM

INTRODUCTION

For many Nigerians, the accumulation of various bank charges represents a significant financial burden, affecting their daily lives and financial well-being. As the banking landscape evolves, there is a pressing need for policies that balance regulatory objectives with the economic realities of the populace, ensuring that the financial system remains both efficient and inclusive. Bank charges are fees that banks impose on their customers for using their services. They vary depending on the type of service and the bank. Hidden and arbitrary charges are now the norm with Nigerian banks, which is giving them a not-so-pleasant reputation. These endless charges have almost become a necessary evil as customers now live with them; having been left without options. Bank customers in the nation capital Abuja and other states have expressed frustration over the numerous non-transaction debits they receive from their various banks without explanations. While big business customers that transact businesses running into millions and billions of naira rarely complain of deductions by the banks, small business traders and civil servants whose profit and income is small they complain of being exploited. All the new and old generation banks are fond of perpetrating illegal deductions. The CBN recently disclosed that it had so far recovered N89.2bn excess and illegal charges slammed on customers by banks. The Governor of CBN, represented by the acting Director, Corporate Communication, Osita Nwanisobi, at a public enlightenment fair in Calabar, Cross River State, said the figure was recovered in June 2021 based on 23,526 complains they received from customers bordering on

charges and other related matters (Nairaland 2021). In April 2021, the then speaker of House of Representatives, Femi Gbajabiamila, expressed concern over the way banks charge customers indiscriminately during transactions, saying that apart from known charges, there appeared to be “hidden” charges the banks impose on their customers. Speaking when he hosted the board and management of the Standard Chartered Bank led by its Chief Executive Officer (CEO), Mr Laming Manjan, Gbajabiamila said the house was concerned that such practice was making customers helpless; hence that Nigerian banks should come up with ways to address high charges on loans and other facilities they offered. Some customers said there was the need for CBN to scrutinise all banks charges from time to time. Some of them called for a forensic audit of the charges rather than waiting for customers’ complaints (Business Insider 2025).

WHY BANKS COLLECT CHARGES?

Banks are businesses that charge fees to make a profit. They use the fees to cover their operational costs, such as maintenance of their computer systems and staffing their branches. Banks also charge fees to discourage customers from engaging in certain activities, such as overdrawing their accounts. It is paramount to note that bank charges will remain for a long period of time, especially in this clime; Banks can however be more responsible and desist from entrapping and exploiting customers, by improving their customers’ service. The best thing for the customer on the other hand is to stay informed (Business Insider 2025).

LEGAL APPROVED BANK CHARGES

On February 10, 2025, the Central Bank of Nigeria announced a significant revision to Automated Teller Machine withdrawal charges, set to take effect from 1 March 2025 (Punch 2025). This means customers will now pay for every withdrawal made from another bank’s ATM. Under the new directive, withdrawals made from a customer’s bank ATM will remain free. However, customers using another bank’s ATM will now be charged N100 per N20,000 withdrawals when using ATMs located within the same bank premises. For withdrawals made at off-site ATMs, a charge of N100 N20,000 withdrawal will apply, along with a surcharge of up to N500. The Apex bank attributed the review to rising costs and the need to enhance efficiency in ATM operations (ThisDay 2025). According to records from the CBN, the approved bank charges for various transactions include stamp duty, SMS alerts (N6/10 SMS) using another Banks’s ATM (35/ transaction), account maintenance fee, ATM card maintenance charge (N50-100 monthly), in-branch statement printing (21.50/page), cash withdrawals/deposits; while users of Unstructured Supplementary Service Data (USSD) services pay N6.98 per transaction Daily Trust (2025).

While these deductions have been approved by the CBN, several others are not categorised. There are also cases of the approved charges being slammed on account holders multiple times on a single transaction, or even when there is no transaction at all. For instance, a transaction could attract several text messages, with each attracting a charge for the customer. The same scenario could apply for commission on turnover charges, account maintenance fees and stamp duty charges. It is worthy to note that some of these charges are avoidable, for instance, using an ATM that is not your bank’s and opting not to receive text message alert but only email notification on transactions (ThisDay2025). With banks expected to implement the new structure from 1 March, customers may need to adjust their banking habits to avoid additional charges. The CBN’s directive aligns with ongoing efforts to promote cashless transactions, a policy that has seen increased regulatory attention in recent years. This review of ATM charges follows a

recent warning from the CBN that any bank found not dispensing cash via ATM's would be sanctioned. The CBN recently sanctioned nine Banks with fines totalling N1.35bn for failing to ensure cash availability via ATM's during the festive season (Punch 2025). Each of the banks was fined N150m following spot checks that revealed non-compliance with the Apex bank's cash distribution guidelines. The affected banks include Fidelity Bank, First Bank, Keystone, Union Bank, Globus Bank, Providus Bank, Zenith Bank, UBA Bank and Sterling Bank. To minimise transaction fees, the CBN has advised customers to prioritise withdrawals from their bank's own ATMs (Premium Times 2025) It also encouraged customers to explore alternative payment methods such as mobile banking applications, POS transactions, and electronic transfers to reduce reliance on cash withdrawals.

EFFECTS AND CONSEQUENCES ON MULTIPLE BANK CHARGES

- When banking transaction becomes too demanding and expensive, it can exclude customers from lodging their money in financial institutions.
- Bank customers are likely to switch banks that are charging less or reduce their banking transactions because they are unhappy with the exorbitant chargers.
- Excessive bank charges can negatively affect the economy by reducing disposable income and also it will discourage investments.
- Customers are likely to be saving their money at home which will make banks to be bankrupts.
- Keeping cash at home can be stolen, lost in a fire or damaged, but banks has insurance to protect peoples' money

WAYS TO REDUCE EXCESSIVE BANK CHARGES

- ✓ Pick a Low-fee or Zero Account

Many banks offer special account like savings or salary accounts with little to no maintenance fees. Choosing the right one can reduce your bank charges.

- ✓ Instead of using ATM withdrawals use USSD codes

USSD banking is often cheaper and faster. Making payments through USSD saves a lot for customers instead of using ATM that incurred exorbitant charges.

- ✓ Embrace Mobile and Online Banking

No doubt about it banks apps and internet banking often has lower or zero transfer charges compared to teller-assisted transactions or ATM transactions. Combine your payments into one app session to save time and money.

- ✓ Turn off Paid SMS Alerts

Many banks in Nigeria charge N6-N10 per message, and when computed in a month, the charges will be much higher. By switching to free email alerts is very much convenient to avoid multiple charges.

- ✓ Try to avoid Over-the-Counter Transactions

Teller transaction can carry hidden fees for withdrawal, deposits or cheque processing. It's advisable to deposit money using ATM of mobile app, but not at the banking hall (Premium Time 2025).

Avoiding some charges in Nigerian is possible; all you need to know is to embrace digital tools, staying informed on the daily happenings of your bank and a mix of smart account choices.

CONCLUSION

No doubt about it Nigerians are facing silent extortion through multiple bank charges into their various accounts. The new ATM withdrawal charge is just one of many deductions that Nigerians face daily. Most banks deduct between N50 and N100 monthly for account maintenance. Interbank transfers attract charges ranging from N10 to N50 per transaction. Customers are also charged between N6 and N 15 per SMS alert on transactions, while using a bank's short service incurs a charge of N6.95. Additionally, a N50 deduction applies to transfer above N10,000, while ATM card replacements attract fees ranging from N1000 to N2000. Many Nigerians are complaining bitterly on the excessive charges especially given the economic hardship bedeviling the country presently. The recent introduction of additional charges fees by the CBN has sparked widespread frustration, as many are already burdened with multiple banking charges. For many, these deductions are not just figures on a bank statement but represent a significant strain on their finances. While financial institutions need to generate revenue, excessive deductions must be stop because it discourages financial inclusion. Nigerians will opt to keep their money in cash rather than deposit it in banks, which contradict the goal of a cashless economy. Lastly persistent and multiple charges can erode trust in the banking sector, leading customers to seek alternative solutions, some of which maybe of negative effects to the economy and banking industries in general.

RECOMMENDATIONS

A customer with Guaranty Trust Bank (GTB) who simply identified herself as Agnes, called on the Central Bank of Nigeria (CBN) to intensify surveillance on the banks, saying they were feeding fat on vulnerable customers, she said although the charges were small, they are illegal and therefore advised CBN to punish erring banks.

There was the need for the CBN to scrutinise all bank charges from time to time. However, taking a series of steps in recognising and recovery of those multiple charges helps businesses get back the lost money and improve profits while promoting a sense of financial discipline.

Seek for financial advice, if you are struggling with multiple bank charges; consider seeking for financial advice to better manage your money and bank accounts. Customers should consider online or digital banking, if multiple charges are a recurring issue; consider exploring digital banking it may offer lower or no fees for certain transactions. Lastly government and financial institution should work together to establish clear and concrete guideline on bank charges to prevent unnecessary and unfair practices

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